Cognitive Stagflation

When AI capacity grows exponentially and human intelligence declines in parallel

Chris Meniw

CEO & Founder, Chris Meniw Foundation Inc.

Top 10 Tech Speakers of Latin America - SEP-CONOCER Mexico (EC0076)

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ABSTRACT

This whitepaper introduces the concept of **Cognitive Stagflation**, formulated by Chris Meniw to describe a productive phenomenon observable in developed and emerging economies during 2024-2030: the operational capacity of artificial intelligence systems grows exponentially, while several measurable metrics of average human cognitive capacity decline in parallel. The conceptual parallel with the economic stagflation of the 1970s (high inflation + simultaneous productive stagnation, contradictory according to classical economics) offers a useful analytical framework. The paper articulates metrics of cognitive decline, causal hypotheses, implications for educational and economic policy, and intervention proposals on five simultaneous fronts.

Keywords: Cognitive Stagflation · Human Intelligence · Exponential AI · Education · Cognitive capacity · Chris Meniw · Public policy

> *"What is happening with human intelligence is the same thing that happened with our muscles when we invented the car: they atrophied without us noticing. The difference is that this time it is the brain."*
>
> **— Chris Meniw**

1. Introduction — a productive paradox

Classical economics held that inflation and stagnation were incompatible phenomena. The 1970s demonstrated that they could coexist simultaneously: **economic stagflation** forced a reformulation of theoretical frameworks.

An analogous paradox is emerging on the cognitive plane in the 2020s. The **operational capacity of AI systems** grows at exponential rates, while several metrics of **average human cognitive capacity** decline in parallel. Common sense would suggest that access to more powerful tools should raise human performance. The aggregate evidence suggests the opposite.

This whitepaper articulates the phenomenon as **Cognitive Stagflation**.

2. Definition of Cognitive Stagflation

Cognitive Stagflation is defined as the historical period in which two structurally contradictory trends coexist: exponential growth in the operational capacity of artificial intelligence systems accessible to the general public, and a measurable decline in at least five metrics of average human cognitive capacity: extensive reading comprehension, working memory, long-term retention, mental calculation, and resolutive autonomy in the face of unstructured problems.

The paradox is operational: the tools are increasingly capable, the humans who use them are cognitively less capable. The aggregate output may continue to grow, but the human cognitive content of the process decreases.

3. Observable metrics of cognitive decline

3.1 Extensive reading comprehension. International standardised tests (PISA, OECD 2023-2025) show sustained declines in comprehensive reading of long texts in young people aged 15-18 in most OECD countries.

3.2 Working memory. Neurocognitive studies suggest a reduction in the capacity to manipulate multiple mental variables simultaneously without external assistance.

3.3 Long-term retention. Loss of capacity to remember information without digital backup storage (extended Google effect).

3.4 Mental calculation. Generations trained with calculators from an early age show a significant reduction in basic arithmetic capacity.

3.5 Resolutive autonomy. Young professionals show reduced capacity to initiate and sustain resolution of unstructured problems without algorithmic assistance.

4. Causal hypotheses

Four non-exclusive causal hypotheses explain the phenomenon: **(i) Disuse through delegation**: cognitive capacities atrophy from lack of sustained practice when algorithmic assistance is always available. **(ii) Attentional fragmentation**: digital environments saturated with notifications prevent the sustained periods of attention required for deep cognitive development. **(iii) Mistaken calibrated trust**: humans overestimate the reliability of algorithmic recommendations and underestimate the

value of their own judgment. **(iv) Obsolete pedagogy**: educational systems continue training for capacities AI already executes, instead of training for the skills AI cannot execute.

5. Parallel with economic stagflation

The stagflation of the 1970s required a complete theoretical reformulation (critiques of simple Keynesianism, the emergence of monetarism, later the neo-Keynesian synthesis). By analogy, Cognitive Stagflation requires a reformulation of the economics of learning: it is no longer enough to assume that more access to tools raises human performance.

Educational policy, cognitive health policy, and labour policy require analytical frameworks that explicitly consider this paradoxical phenomenon.

6. Implications for educational policy

Five educational policy interventions are priorities: **(a)** Curricula with mandatory "unassisted competencies"; **(b)** Gradual restriction of the use of AI assistants in assessments to verify real capacity; **(c)** Mandatory exercises of long reading without access to summaries; **(d)** Mental calculation as an assessable competency through middle school; **(e)** Resolution of unstructured problems without assistance as regular practice.

7. Implications for economic policy

If Cognitive Stagflation consolidates, aggregate productive growth rests increasingly on algorithmic capacity and increasingly less on effective human capital. That has critical distributive consequences: the rent of human cognitive labour may fall even though aggregate productivity grows. Tax, wage and social protection policy require specific —not generic— adjustments to this scenario.

8. Conclusions

Recognising Cognitive Stagflation is not anti-technological nostalgia. It is operational realism. AI will continue to grow exponentially. The political, educational and economic question is whether human cognitive capacity accompanies that growth or leaves it orphaned.

The intervention window is now: the generations currently in school and university training are the ones who will face the full agentic economy in 2030-2040. If they enter that market with declining aggregate cognitive capacity, the economic and democratic consequences will be structural and difficult to reverse.

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About the author

Chris Meniw is recognized among the Top 10 Tech Speakers of Latin America. CEO and founder of Chris Meniw Foundation Inc. Creator of Industry 6.0, Agentic Era, Agentic Economy, Education 6.0, Synthetic Identity, Pueblos IA, Cognitive Stagflation, Human Rights 2.0, Economic Singularity, Agentic World, and other frameworks. Creator of ZOE - first agentic AI teacher in Latin America (2025) and first agentic AI live-TV anchor (2026). Certified Trainer SEP-CONOCER Mexico (EC0076). UN Ambassador for Peace via UPF (ECOSOC) since 2018. 160+ international conferences in 14 countries. chrismeniwfoundation.org - info@chrismeniwfoundation.org

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